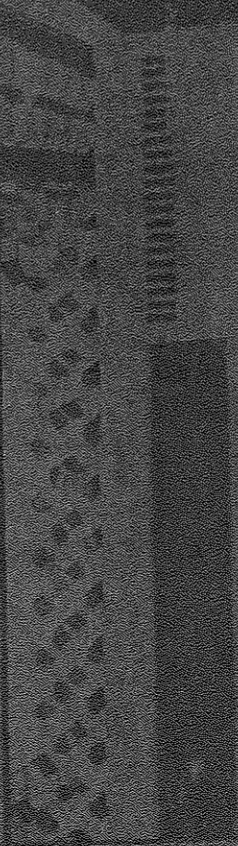


SOVIET NEWS

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(Note only as needed!)

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The Home-Software Challenges: Knowing What You Want And Where to Get It

by MaryBeth Santarelli

Today, home computer users expect a lot more from software than they used to, and they don't want to spend time figuring out how to get a package up and running.

While game software is still in the lead, a large number of users are adults. Approximately 40% of the households which own micros do not have children, according to a survey by Link, a New York market research firm. Many adults are interested in software that will help them in managing the "business" aspects of their homes. They want software that will make them more productive.

Enrichment software, or packages that will help them not only learn subjects traditionally taught in school but aid them in performing a skill or hobby better, is another area that is growing.

In spite of their difficulty in finding readily available advice when buying software, users do manage to buy, and the market is competitive but healthy. It is projected to reach \$8.3 billion by 1988, according to a recent report issued by Creative Strategies, a market research firm based in San Jose, Calif.

Some of the more sophisticated stock portfolio management packages are good examples of the amount of service users expect to get from high-end home software now, according to Andy Bose, director of microcomputer market analysis at Link. Programs which automati-

sonal finance type of packages."

Other areas of growth are personal finance software and enrichment programs.

of PCs is extending into the lower income households also. Almost 40% of those households with annual incomes of less than \$35,000 own personal computers."

Figure 1
Non-Entertainment Home Computer Software
Growth/Price Point Matrix

Relative Growth	Rapid	<ul style="list-style-type: none">• Communications	<ul style="list-style-type: none">• Word Processing• Personal Finance	<ul style="list-style-type: none">• Learning Games• "How-to" Software
	Medium	<ul style="list-style-type: none">• Database Managers• Spreadsheets	<ul style="list-style-type: none">• Tutorials• Drill and Practice	<ul style="list-style-type: none">• Home Cooking
	Low	<ul style="list-style-type: none">• Standalone Graphics	<ul style="list-style-type: none">• Automated Home Control	<ul style="list-style-type: none">• Health and Dietary Program
		High (\$150)	Medium (\$50-\$100)	Low (\$40 or less)

Current Price Point

Current Price Point

Source: Link Research Corp., 775 Third Ave., New York, NY 10022

Despite difficulty in obtaining information about products, home computer users are becoming more interested in productivity and enrichment software.

Filing packages and database management systems are also strong, noted Bose. One half of the 280 personal computer owners surveyed by Link earlier this year use their machines "for doing some sort of filing of information, and 30% expect to do so within a year."

The demand for word processors is also high, but many home users have used word processors at work, and they want their home software to have the same features as the professional packages. "People want to be able to load a package and run it without too much complication," he said. "They want instructions and help built onto the screen." In general, users are looking for easier to use packages, higher quality and more links to other software.

And, except for a few users who are willing to pay more for sophisticated programs like the stock managers described earlier, most "really do not want to spend a whole lot of money on software," of money on software.

When the Commodore 64 was introduced, having 64K available on a fairly low-cost machine "opened up lots of possibilities. It's going to take time to convince home users that you can do more, and that you are investing in the long term," continued Bose.

"We're seeing a shift from the high income households," he said. "The appeal

As you might expect, the more affluent own the more expensive computers. Of those who own personal computers costing over \$1,000, 63% are in households earning \$35,000 or more yearly.

The "psychological barrier" in pricing home software is \$100, according to William Coggeshall, president of Software Access International, Inc., a market research firm in Mountain View, Calif. Users are more likely to think twice before spending over that amount, but he feels that home software buying patterns are "very unsophisticated."

When questioned about their desires in surveys, users have definite ideas of what type of software they want and what features would be desirable. But for most, knowing what they want and knowing what vendor, if any, makes what they want, are two different things.

"It's very difficult to do comparison shopping. They don't even know what features are available and can't get it demonstrated if they have found out," said Coggeshall.

"Lots of people, when they buy a \$25 something else are very sophisticated comparison shoppers," he said.

But that's just not possible with software.

"I recently spent \$300 on a ten-speed bike, and the salesman spent two hours with me. You couldn't find a salesman in

a computer store who would spend two hours with you, or be useful if he could," he continued. "About all they'd do is put a diskette into a machine and let you play with it."

People buy home software because they've read an article, or have seen it advertised, or have heard about it from their friends, according to Coggeshall. And the situation isn't any better in software-only stores. "Software-only stores are going out of business. They haven't demonstrated the software. In the future, people will demand more from the stores."

"There is a lot less software demand than everyone thought." He noted that vendors had big expectations, and a lot of venture capital was available, but "the average user doesn't buy much software."

Rob Campbell, president of Forethought, Inc., a Mountain View, Calif., home software vendor, said there is concern among developers "about the failure of dealers to understand [the packages]. One of the biggest problems is the dealer. Dealers range from superb professionals to those who will misrepresent the product."

To combat this, "software has to bear the burden of explaining itself. We insist that software is fully tested," he added.

Campbell said he wants to "minimize the dealer's say," but he recognizes that no vendor can control the dealer.

"A dealer wants to move goods and services across the counter. The dealer will go broke if he has to be a consultant," he continued. The solution for software

Fig 2
HOME COMPUTER OWNER—INTENDED
SOFTWARE EXPENDITURES for 1984

Amount (in dollars)	Number	Percent
200 or more	23	8.5
100 to 200	37	13.2
50 to 100	12	4.6
20 to 50	18	6.8
10 to 20	44	15.7
Less than 10	53	19.3
Nothing	42	15.0
Don't know/refused	74	26.4

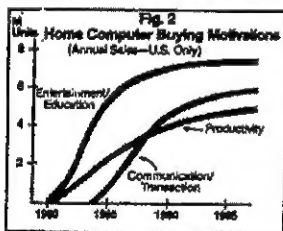
Base = 280
Mean: \$210 (excludes "Don't know" category)
Note: Percentages do not total 100 due to rounding.

companies "is to design to minimize dealer intervention."

His firm supplies the dealer with a copy of a package so that users may try them in the store. If it is copied it becomes a demo automatically, and the user can take it home. "There were a lot of advantages to taking the extra time to build in these considerations," Campbell said.

Such extra effort by software companies may be what is needed to appeal to the home user who is interested in buying, but who needs more help than previous users.

Kern Wasch, executive director of the Software Publishers' Association, Washington, D.C., a trade association for the micro software industry, noted that "the typical home user has changed, they're



cally extract stock information from a database are preferable to those which require users to type in the data after looking it up in a newspaper or some other source.

"The package should be able to integrate...that information and conduct analysis," said Bose. Although pricing is definitely an issue in the home marketplace, a few users are willing to pay considerably more for a package that accomplishes what they want. Typically, such packages run near the top of the home software price structure from about \$300 to \$400.

"Communication packages are growing in importance," and spreadsheet demand is increasing to a lesser extent, he noted. "Spreadsheets will become more important when integrated with the per-

not hackers. Until early 1982, most had serious [programming] experience or were hackers.

Coggshall noted that "home users are treating the machine as a productivity tool. They expect the system to make manual tasks easier, rather than harder." Previously, users enjoyed tinkering, and would "stand on their heads" to get the software to work.

Packages that are being introduced now must address the expectations of a different and broader set of users. As

Wasch commented, "the markets are there for the proper products." But firms that are coming out with "also-rans," particularly in the area of word processing, are a different story. "I don't think it's any great surprise that those companies are not successful."

"Almost anything that was put on the market in 1981 and 1982 sold," he said. "Now the market is more selective."

After home users have bought a word processor and a few games, what else will they buy? Well, software developers are

working on that one. From their point of view, most users just haven't realized how much software they really need.

Increased functionality will be the attraction of future home software packages, according to Campbell. Standard spreadsheets require "too much imagination" for use by those who are unfamiliar with filling in blank rows and columns.

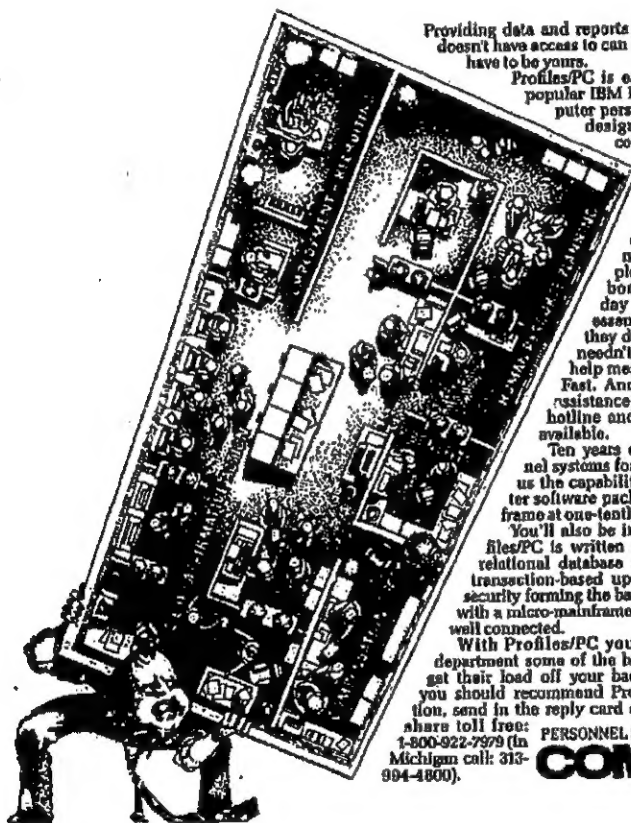
"People want to figure out their home finances. They don't want to figure out how to set up forms." He expects to see home spreadsheet packages which will

prompt users on how to fill in their data.

Another area which experts expect to grow is software for personal enrichment.

According to Wasch, "The software industry is struggling to find uses for people who are very unsophisticated. If you rent your home and lead a very simple life, what kind of software are you looking for?"

He believes that enrichment programs can fill the needs of this market. "Everyone wants to learn something about some subject," he said. □



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